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FM USOFFICE BERLIN
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SIPDIS

DEPT PASS FEDERAL RESERVE FOR LEWIS ALEXANDER
AND NY FED FOR GEORGE BENTLEY

TREASURY/OASIA/IMI FOR MACKOUR AND EICHENBERGER

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SUBJECT: UNEMPLOYMENT UP SHARPLY IN JULY, BUT RISE OFFEST
BY DECLINE IN SHORT-TIME LABOR

REF: A) BERLIN 2801, B) BONN 22310

SUMMARY
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1. OFFICIAL UNEMPLOYMENT IN THE NEW GERMAN STATES ROSE A SHARP 27 PERCENT BETWEEN JUNE AND JULY TO A TOTAL OF 1,068,000, OR ROUGHLY 12.1 PERCENT OF THE WORKFORCE. STILL, THE INCREASE DID NOT FULFILL SOME DIRE PREDICTIONS BASED ON THE POTENTIAL IMPACT OF THE EXPIRATION ON JUNE 30 OF "NO-FIRINGS" PROVISIONS IN KEY LABOR CONTRACTS AND OF SEVERANCE PROGRAMS FOR FORMER GDR GOVERNMENT EMPLOYEES. A BROADER UNEMPLOYMENT INDICATOR, NAMELY THE TOTAL NUMBER OF EASTERN GERMAN WORKERS EITHER UNEMPLOYED, WORKING ON A "SHORT-TIME" BASIS, OR ENROLLED IN GOVERNMENT "MAKE-WORK" PROGRAMS, REMAINED BASICALLY STABLE AT ONE-THIRD OF THE WORKFORCE. MEANWHILE, THE GAP BETWEEN MALE UNEMPLOYMENT (9.8 PERCENT) AND FEMALE UNEMPLOYMENT (14.5 PERCENT) WIDENED FURTHER. LOOKING TO THE FUTURE, FEDERAL LABOR OFFICE HEAD FRANKE, IN A BERLIN PRESS INTERVIEW, SUGGESTED THAT UNEMPLOYMENT IN THE NEW STATES COULD REACH 1.5 MILLION BY YEAR'S END (OVER 16 PERCENT OF THE WORKFORCE), WITH TOTAL EMPLOYMENT IN THE NEW STATES FALLING FROM THE 1989 GDR LEVEL OF APPROXIMATELY 9 MILLION TO ABOUT SIX MILLION. END SUMMARY.

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EXPECTED SHARP HIKE IN UNEMPLOYMENT ...
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2. AFTER TWO MONTHS OF ALMOST STABLE UNEMPLOYMENT FIGURES, JULY PRODUCED THE EXPECTED SUBSTANTIAL END-OF-QUARTER HIKE. ACCORDING TO THE LATEST FIGURES FROM THE BERLIN OFFICE OF THE FEDERAL LABOR AGENCY (RESPONSIBLE FOR COMPILING STATISTICS ON EASTERN BERLIN AND THE FIVE NEW STATES), UNEMPLOYMENT ROSE FROM 843,000 (9.5 PERCENT) IN JUNE TO 1,069,000 (12.1 PERCENT) IN JULY, AN ABSOLUTE INCREASE OF 226,000. THE TOTAL NUMBER OF WORKERS INVOLVED IN "SHORT-TIME" WORK PROGRAMS FELL BY 283,000, FROM 1,909,000 IN JUNE TO 1,615,000 IN JULY. THE OVERVIEW TABLE BELOW SETS FORTH UNEMPLOYMENT AND SHORT-TIME WORKER STATISTICS FOR MAY THROUGH JULY 1991 (SHORT-TIME WORKER

FIGURES FOR JULY REPRESENT MID-MONTH LEVELS).

TABLE 1

JULY UNEMPLOYMENT AND SHORT-TIME WORK
/-----

	MAY	JUN	JUL
UNEMPLOYMENT	842,285	842,504	1,068,639
--PCT OF WORK FORCE	9.5	9.5	12.1
--PCT MONTHLY INCREASE	0.6	0.0	26.8
SHORT TIME WORKERS	1,968,477	1,898,937	1,615,893
--PCT OF WORK FORCE	22.1	21.4	18.2
--PCT MONTHLY INCREASE	(2.1)	(3.0)	(14.9)

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NOTE: SOME OF THE JUNE FIGURES USED IN THIS REPORT ARE
RECENT UPDATES. PARENTHESES DENOTE NEGATIVES.

13. GEOGRAPHIC DIFFERENCES IN UNEMPLOYMENT BECAME LESS
DRAMATIC IN JULY. THE LONG-TIME LEADER OF THE LIST,
MECKLENBURG-VORPOMMERN, HAD THE SECOND SMALLEST INCREASE
THIS MONTH (PLUS 2.0 PERCENT) AND WAS REPLACED BY EAST
BERLIN IN THE NUMBER-ONE POSITION. EAST BERLIN PROBABLY
OWED ITS INCREASE OF 18,000 IN UNEMPLOYMENT TO ITS
DISPROPORTIONATE SHARE OF GDR-ERA GOVERNMENT EMPLOYEES
WHO WERE FINALLY TERMINATED AT THE END OF JUNE. HOWEVER,
EAST BERLIN MAINTAINED ITS EXTREMELY LOW PERCENTAGE OF

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SUBJECT: UNEMPLOYMENT UP SHARPLY IN JULY, BUT RISE OFFEST

SHORT-TIME WORKERS AND WAS, THEREFORE, STILL IN THE BEST
OVERALL POSITION OF ALL EASTERN STATES. SAXONY CONTINUED

TO ENJOY THE LOWEST LEVEL OF UNEMPLOYMENT, ALTHOUGH IT SUFFERED THE HIGHEST NET INCREASE IN UNEMPLOYMENT OF ALL (PLUS 2.8 PERCENT). SAXONY-ANHALT AND THURINGIA REMAINED CLOSE TO AVERAGE IN UNEMPLOYMENT BUT LED THE LIST IN SHORT-TIME WORK; BRANDENBURG COMBINED AVERAGE UNEMPLOYMENT FIGURES WITH A LOW SHORT-TIME WORKER TOTAL.

TABLE 2

	UNEMPLOYMENT BY STATE					
	/-----					
	MAY	PCT	JUN	PCT	JUL	PCT
MECKLENBURG-VORPOMMERN	124,149	12.1	122,738	11.9	143,635	13.9
BRANDENBURG	130,171	9.5	130,199	9.5	165,097	12.1
SAXONY-ANHALT	153,778	9.5	156,797	9.7	197,747	12.2
SAXONY	218,484	8.3	214,889	8.1	288,198	10.9
THURINGIA	135,752	9.3	136,453	9.4	174,254	12.0
EAST BERLIN	79,951	11.2	81,428	11.4	99,708	14.0
TOTAL	842,285	9.5	842,504	9.5	1,068,639	12.1

... OFFSET BY A DROP IN SHORT-TIME LABOR
/-----

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14. IN JULY, THE NUMBER OF SHORT-TIME WORKERS IN THE NEW STATES SHRANK BY A RECORD 283,000. THE IMPLICIT AMOUNT OF UNEMPLOYMENT HIDDEN IN THE SHORT-TIME WORK PROGRAM -- I.E., UNEMPLOYMENT CALCULATED USING THE PERCENTAGE OF TIME DURING WHICH EMPLOYEES WERE NOT WORKING -- DROPPED FROM 1,078,000, (12.3 PERCENT) TO 906,000 (10.3 PERCENT). THE DECREASE IN THE NUMBER OF SHORT-TIMERS CLEARLY OUTPACED THE INCREASE IN THE RANKS OF THE NEWLY JOBLESS IN EVERY STATE. BRANDENBURG REGISTERED THE BEST RATIO: 52,000 WORKERS ENDED SHORT-TIME WORK WITH ONLY 35,000 ENTERING UNEMPLOYMENT.

TABLE 3

	SHORT-TIME WORKERS					
	/-----					
	MAY	PCT	JUN	PCT	JUL	PCT
MECKLENBURG-VORPOMMERN	225,557	22.0	214,580	20.8	188,734	18.3
BRANDENBURG	296,242	21.6	290,671	21.2	238,815	17.5
SAXONY-ANH.	369,898	22.8	368,139	22.8	318,827	19.7
SAXONY	632,555	23.8	586,366	22.1	497,299	18.8
THURINGIA	354,958	24.3	350,689	24.2	304,347	21.0
EAST BERLIN	89,267	12.5	88,492	12.4	67,871	9.5
TOTAL	1,968,477	22.1	1,898,937	21.4	1,615,893	18.3

15. FOR THE FIRST TIME THIS YEAR, THE NUMBER OF SHORT-TIME WORKERS WORKING LESS THAN 50 PERCENT OF THEIR REGULAR WORK SCHEDULES SHRANK FASTER THAN THE NUMBER OF SHORT-TIMERS WITH LONGER WORKING HOURS.

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TABLE 4

	SHORT-TIME WORKERS: ACTUAL TIME ON THE JOB			
	/-----			
	MAY	JUN	PCT	CHG
WORKING			JUL	JUN-JUL
LESS THAN 1/2 TIME	1,129,566	1,119,158	914,648	(18.3)
1/2 TIME AND MORE	838,911	779,779	701,245	(10.1)

NOTE: PARENTHESES DENOTE NEGATIVE

16. IN MANY INDUSTRIAL SECTORS, SHORT-TIME WORK PROGRAMS

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SUBJECT: UNEMPLOYMENT UP SHARPLY IN JULY, BUT RISE OFFEST

COVER OVER 50 PERCENT OF WORKERS. THE TABLE BELOW
OUTLINES USAGE IN JULY OF SHORT-TIME WORK IN SPECIFIC
INDUSTRIES. ALTHOUGH IT IS DIFFICULT TO JUDGE THE
RELATIVE FATE OF SPECIFIC INDUSTRIES, GIVEN THAT
UP-TO-DATE INFORMATION ON THE CHANGES OF TOTAL WORKFORCE
IN THE INDUSTRIES IS UNAVAILABLE, IT IS SAFE TO SAY THAT
DECLINES IN SHORT-TIME WORK ARE CLOSE TO OR HIGHER THAN
THE OVERALL INCREASE IN UNEMPLOYMENT FOR THE INDUSTRIES
LISTED.

TABLE 5

SHORT-TIME WORKERS
IN SELECTED INDUSTRIAL SECTORS:
/-----

INDUSTRIAL SECTOR	MAY	JUN	PCT CHG	
			JUL	JUN-JUL
- MINING	86,279	86,240	76,803	(10.9)
- CHEMICALS	115,657	109,739	90,787	(17.3)
- METAL WORKING	32,291	31,191	26,855	(13.9)
- METAL FORMING	62,274	58,542	45,597	(22.1)
- MACHINE BUILDING	208,404	200,126	162,859	(18.6)
- AUTOMOTIVE	62,307	62,080	49,751	(19.9)
- SHIP BUILDING	9,085	8,557	7,655	(10.5)
- ELECTRO-TECH	205,662	203,319	153,184	(24.7)

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- METALLURGY	39,486	35,842	31,126	(13.2)
- WOOD-WORKING	38,295	38,005	30,438	(19.9)
- TEXTILES	124,530	118,624	105,455	(11.1)
- CONSTRUCTION	112,761	103,220	87,453	(15.3)

NOTE: PARENTHESES DENOTE NEGATIVE

GOVERNMENT MAKE-WORK PROGRAMS
/-----

17. THE IMPLEMENTATION OF THE GOVERNMENT'S TEMPORARY JOB
PROGRAM (ARBEITSBESCHAFFUNGSMASSNAHMEN - ABM) CONTINUED
TO PROGRESS IN JULY. SOME 210,000 POSITIONS WERE FILLED
BY THE END OF JULY, WHICH REPRESENTED 2.4 PERCENT OF THE
TOTAL WORKFORCE AND A 42 PERCENT INCREASE OVER THE
RESPECTIVE JUNE FIGURE. THE USAGE OF ABM IS NOW COMING
CLOSE TO THE FUNDING TARGET OF 280,000 POSITIONS, A
NOTABLE CONTRIBUTION TO THE GOVERNMENT'S EFFORT TO KEEP
UNEMPLOYMENT FIGURES DOWN.

TABLE 6

USAGE OF ABM MEASURES
/-----

	MAY	JUN	JUL	TARGET
POSITIONS FILLED	113,599	148,235	209,907	280,000
MONTHLY INCR., PCT	29.5	30.5	41.6	
PCT OF TOTAL WORKFORCE	1.3	1.6	2.4	3.2

18. USAGE OF THE ABM PROGRAM WAS MOST PRONOUNCED IN
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MECKLENBURG-VORPOMMERN (2,9 PERCENT OF THE WORKFORCE),
AND LEAST DEVELOPED IN EAST BERLIN (1.0 PERCENT), WHERE
PROBABLY MORE ALTERNATIVES ARE AVAILABLE THAN IN THE
OTHER NEW STATES.

TABLE 7

ABM MEASURES BY STATES
/-----

	MAY	PCT	JUN	PCT	JUL	PCT
MECKLENBURG-VORPOMMERN	20,402	2.0	24,267	2.4	30,147	2.9
BRANDENBURG	19,385	1.4	26,497	1.9	34,368	2.5
SAXONY-ANH.	20,969	1.3	26,998	1.7	39,713	2.5

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SUBJECT: UNEMPLOYMENT UP SHARPLY IN JULY, BUT RISE OFFEST

SAXONY	27,979	1.1	39,631	1.5	59,724	2.3
THURINGIA	21,866	1.5	268959	1.9	38,764	2.7
EAST BERLIN	2,998	0.4	3,947	0.6	7,191	1.0
TOTAL	113,599	1.3	148,235	1.7	209,907	2.4

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19. THE GOVERNMENT-FINANCED RETRAINING PROGRAM IS CERTAINLY AMONG THE MORE MINOR MEASURES AGAINST UNEMPLOYMENT BOTH IN TERMS OF FUNDING AND PARTICIPATION. HOWEVER, IN THE LONG TERM IT IS ONE OF THE MOST IMPORTANT GOVERNMENT PROGRAMS GIVEN THE GOVERNMENT'S GOAL OF PROVIDING THE UN- AND UNDEREMPLOYED WITH THE SKILLS NECESSARY TO COMPETE IN THE CHANGING LABOR MARKET OF THE FUTURE. THE PROGRAM HAS GROWN IN POPULARITY, WITH THE NUMBER OF NEW RETRAINING CONTRACTS RISING FROM 81,000 IN JUNE TO 96,000 IN JULY. GIVEN THAT THERE ARE NO FIGURES AVAILABLE FOR THE TOTAL OF WORKERS ENROLLED IN RETRAINING PROGRAMS AT ANY ONE TIME, IT IS DIFFICULT TO JUDGE PROGRESS TOWARD THE OFFICIAL TARGET OF 350,000 RETRAINEES. THE GOVERNMENT'S CURRENT EFFORT IN CREATING NEW CENTRALIZED MAKE-WORK ORGANIZATIONS (ARBEITSFOERDERUNGS- GESELLSCHAFTEN, ABS), DESIGNED TO COORDINATE THE CREATION OF ABM AS WELL AS OF RETRAINING

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MEASURES, MAY HELP TO IMPROVE THESE STATISTICS.

TABLE 8

USAGE OF RETRAINING MEASURES

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	MAY	JUN	JUL	TARGET
NEW TRAINING CONTRACTS	69,508	81,263	95,614	350,000
PCT MONTHLY INCR	(4.8)	6.9	17.7	
PCT OF WORKFORCE	0.8	0.9	1.1	4.0

NOTE: PARENTHESES DENOTE NEGATIVE

NUMBER OF WORKERS AFFECTED BY UNEMPLOYMENT STABILIZING
/-----

110. TO OBTAIN A BROADER PICTURE OF THE OVERALL SITUATION IN THE EMPLOYMENT MARKET IN THE NEW STATES, IT IS USEFUL TO COMBINE FIGURES FROM THE UNEMPLOYMENT, SHORT-TIME WORK, AND ABM STATISTICS, FOLLOWING THE ASSUMPTION THAT ABM AND SHORT-TIME WORK ARE SIMPLY TWO MORE FACETS OF UNEMPLOYMENT. ABM IN THE NEW STATES IS A PROGRAM SPECIFICALLY DESIGNED TO KEEP THE UNEMPLOYED OFF THE DOLE, WHILE SHORT-TIME WORK PROGRAMS KEEP IDLE WORKERS WITH THEIR EMPLOYERS EVEN IF THE REASONS FOR THE WORK SHORTAGE ARE NOT TEMPORARY BUT STRUCTURAL. IN THE CURRENT SITUATION, IT IS LIKELY THAT THE MAJORITY OF SHORT-TIME WORKERS AND ABM WORKERS WILL LOSE THEIR JOBS WHEN THE GOVERNMENT FUNDING FOR THE PROGRAMS RUNS OUT.

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112. THE TABLES BELOW OUTLINE THE COMBINED NUMBERS OF WORKERS AFFECTED BY UNEMPLOYMENT, SHORT-TIME WORK AND ABM MEASURES. FOR EACH NEW STATE, IT APPEARS THAT TOTAL NUMBERS HAVE REMAINED BASICALLY STABLE SINCE APRIL, WITH MECKLENBURG-VORPOMMERN, BRANDENBURG AND SAXONY ACTUALLY SHOWING IMPROVEMENT OVER RECENT MONTHS.

TABLE 9

WORKERS AFFECTED BY UNEMPLOYMENT

/-----

APRIL	MAY	JUNE	JULY
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SUBJECT: UNEMPLOYMENT UP SHARPLY IN JULY, BUT RISE OFFEST

MECKLENBURG--				
VORPOMMERN	370,060	370,018	361,585	362,516
BRANDENBURG	438,020	445,798	447,367	438,280
SAXONY-ANHALT	545,992	544,645	551,934	556,287
SAXONY	897,855	879,018	840,886	845,221
THURINGIA	517,490	512,576	514,037	517,365
EAST BERLIN	171,312	172,219	173,867	174,770
TOTAL	2,940,729	2,924,361	2,889,676	2,894,439

TABLE 10

WORKERS AFFECTED - PERCENT OF WORKFORCE
 /-----

	APRIL	MAY	JUNE	JULY
MECKLENBURG--				
VORPOMMERN	36.1	36.1	35.1	35.1
BRANDENBURG	32.0	32.5	32.6	32.1
SAXONY-ANHALT	33.8	33.6	34.1	34.3
SAXONY	34.1	33.4	31.7	32.0
THURINGIA	35.4	35.1	35.4	35.6
EAST BERLIN	24.0	24.1	24.3	24.5

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TOTAL	33.4	33.0	32.6	32.8

JOB VACANCIES INCREASING
 /-----

12. FIGURES FROM THE EMPLOYMENT OFFICES' JOB REFERRAL STATISTICS SUGGEST A POSITIVE TREND IN THE LABOR MARKET. SINCE FEBRUARY, THERE HAS BEEN A STEADY INCREASE IN THE NUMBER OF JOB VACANCIES REGISTERED WITH THE LABOR OFFICES, WITH THE JULY TOTAL OF 113,100 ALMOST FOUR TIMES THE COMPARABLE FEBRUARY OF 29,600. IN JULY, LABOR OFFICES PLACED 95,900 PERSONS IN NEW JOBS, DOUBLE THE MAY PLACEMENT RATE. HOWEVER, AS IN MAY, ROUGHLY TWO-THIRDS OF THESE NEW POSITIONS WERE IN ABM JOBS (IN JULY, 61,700 OR 64 PERCENT OF NEW JOB PLACEMENTS WERE IN ABM JOB PROGRAMS).

OTHER FACTORS TEMPERING UNEMPLOYMENT
 /-----

13. MEANWHILE, THE WORKFORCE CONTINUES TO SHRINK. THE FEDERAL LABOR OFFICE REPORTED THAT (AS OF JULY) SOME 549,900 OLDER PERSONS HAD LEFT THE RANKS OF THE WORKING POPULATION TO TAKE ADVANTAGE OF SPECIAL EARLY RETIREMENT

PROGRAMS FOR UNEMPLOYED PEOPLE OVER 55 YEARS OLD. THESE NUMBERS, IN ADDITION TO THE ROUGHLY 700,000 PERSONS WHO HAVE MOVED WESTWARD SINCE 1989, IMPLY AN ACTUAL WORK FORCE IN EASTERN GERMANY OF WELL UNDER 8.0 MILLION (THE OFFICIAL NUMBER IS STILL 8.87 MILLION). WE NOTE COMMENTS BY FEDERAL LABOR OFFICE CHAIRMAN FRANKE, IN AN INTERVIEW IN THE AUGUST 12 EDITION OF "DER TAGESSPIEGEL,"

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SUGGESTING THAT THE LABOR FORCE WILL HAVE DECLINED TO THIS RANGE BY DECEMBER, WITH SOME SIX MILLION PEOPLE EMPLOYED AND ANOTHER 1.5 MILLION ON THE JOBLESS ROLLS.

DEMOGRAPHICS: WOMEN MORE LIKELY TO BE JOBLESS
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14. THE JULY HIKE IN UNEMPLOYMENT WAS ESPECIALLY HARSH ON WOMEN. WHILE MALE UNEMPLOYMENT ROSE FROM 8.0 TO 9.8 PERCENT (UP 1.8 PERCENT), FEMALE UNEMPLOYMENT WENT UP FROM 11.2 TO 14.5 PERCENT (A JUMP OF 3.3 PERCENT). UNEMPLOYMENT AMONG WOMEN IS NOW ALMOST 50 PERCENT HIGHER THAN AMONG MEN. SOME INCIDENTAL MATERIAL FROM THE

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ACTION EUR-01

INFO	LOG-00	ADS-00	AMAD-01	CIAE-00	DODE-00	ANHR-01	EB-01
	FRB-01	HA-09	H-01	INRE-00	INR-01	LAB-04	L-03
	NSAE-00	NSCE-00	OMB-01	OPM-01	PA-02	PM-01	PRS-01
	P-01	SIL-01	SNP-01	SP-01	SS-01	STR-18	T-01

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R 151341Z AUG 91
FM USOFFICE BERLIN
TO SECSTATE WASHDC 4248
INFO EASTERN EUROPEAN POSTS COLLECTIVE
AMEMBASSY BONN
AMCONSUL HAMBURG
AMCONSUL STUTTGART
USDOC WASHDC
USIA WASHDC 1886
DEPTREAS WASHDC

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SIPDIS

DEPT PASS FEDERAL RESERVE FOR LEWIS ALEXANDER
AND NY FED FOR GEORGE BENTLEY

TREASURY/OASIA/IMI FOR MACKOUR AND EICHENBERGER

USIA FOR EU-HUTCHESON

USDOC 4212/IEP/EUR/OWE JKLOEPFER
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E.O. 12356: N/A
TAGS: [ELAB](#) [PGOV](#) [GM](#) [EIND](#) [GM](#) [ELAB](#) [GM](#) [ELAB](#) [GM](#) [ELAB](#) [GM](#) [ELAB](#) [GM](#) [ELAB](#)
SUBJECT: UNEMPLOYMENT UP SHARPLY IN JULY, BUT RISE OFFEST

EMPLOYMENT STATISTICS INDICATES THAT WOMEN BELOW 25 YEARS OF AGE ARE LESS HARD HIT (13 PERCENT ABOVE MALE UNEMPLOYMENT) AND THAT THE DIFFERENCE IN UNEMPLOYMENT LEVELS INCREASES WITH AGE.

COMMENT
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15. THE JULY UNEMPLOYMENT FIGURES WERE PERHAPS MOST NOTABLE FOR THE FACT THAT THE INCREASE IN JOBLESSNESS WAS

LESS THAN IT COULD HAVE BEEN: A RISE OF "ONLY" 226,000. THIS WAS LESS THAN ONE-THIRD OF THE 770,000 STILL-EMPLOYED WORKERS REGISTERED WITH THE FEDERAL EMPLOYMENT OFFICE FOR JOB REFERRAL, IN THE EXPECTATION, IN THE MAJORITY OF CASES, OF TERMINATION SOONER OR LATER. WITH SEVERAL HUNDRED THOUSAND EXPIRED SHORT-TIME CONTRACTS AND A COMPARABLE NUMBER RELEASED FROM THE LONG-TERM SEPARATION PLAN FOR EX-GDR GOVERNMENT EMPLOYEES ("WARTESCHLEIFE"), THE INCREASE OF UNEMPLOYMENT COULD, IN FACT, HAVE BEEN DRAMATICALLY HIGHER.

16. IN ADDITION, SEVERAL SOURCES, INCLUDING A SURVEY OF BERLIN AND BRANDENBURG COMPANIES, INDICATE THAT THE ACTUAL NUMBER OF TERMINATIONS AT THE END OF JUNE WAS ABOUT ONE-THIRD LOWER THAN ORIGINALLY PLANNED. ACCORDING TO PRESS ANALYSIS, MANY COMPANIES MAY HAVE DECIDED TO

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WAIT FOR THE NEWLY PLANNED CENTRALIZED MAKE-WORK CORPORATIONS (ARBEITSFOERDERUNGSGESELLSCHAFTEN) TO COME INTO THEIR OWN, WHICH WOULD ALLOW FOR AN EASIER TRANSITION FROM SHORT-TIME WORK TO ABM AND RETRAINING FOR LARGE NUMBERS OF EMPLOYEES. UNTIL THE END OF THE YEAR, THE INCREASE IN UNEMPLOYMENT CAN THEREFORE BE EXPECTED TO BE MODEST. IN HIS "DER TAGESSPIEGEL" INTERVIEW, FEDERAL LABOR OFFICE CHAIRMAN FRANKE SPOKE OF A 12 PERCENT AVERAGE LEVEL OF UNEMPLOYMENT IN 1991 (WITH THE IMPLICATION THAT, GIVEN LOWER FIGURES IN THE FIRST HALF YEAR, UNEMPLOYMENT FOR THE REST OF THE YEAR WOULD AVERAGE OVER 14 PERCENT) WITH JOBLESS TOTALS REACHING 1.5 MILLION OR 16.9 PERCENT BY DECEMBER. STILL, THE EXPECTED INCREASE IN UNEMPLOYMENT COULD BE MATCHED BY A DECREASE IN SHORT-TIME WORK, MEANING THAT THE TOTAL NUMBER OF WORKERS AFFECTED BY UNEMPLOYMENT, SHORT-TIME WORK, OR ABM WOULD REMAIN MORE-OR-LESS STABLE. MUCH DEPENDS ON GOVERNMENT DECISIONS ON A POSSIBLE FURTHER EXTENSION OF THE REMAINING SHORT-TIME PROGRAMS AND ON PROGRESS MADE BY THE CENTRALIZED MAKE-WORK CORPORATIONS. LOOKING TOWARD NEXT YEAR, JANUARY TERMINATIONS COULD AGAIN BE SUBSTANTIAL, SOME EXPERTS BELIEVE, WITH A GENERAL TURN-AROUND IN THE LABOR MARKET NOT EXPECTED BEFORE LATER IN 1992, LAGGING SOMEWHAT ANY GENERAL ECONOMIC RECOVERY IN THE NEW STATES. MILES

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